

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
[Redacted],)	DOCKET NO. 17005
)	
Petitioner.)	DECISION
)	
)	

On September 30, 2002, the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted], proposing income tax, penalty, and interest for taxable year 1996 in the amount of \$901. A separate Notice of Deficiency Determination was issued to [Redacted] (taxpayer) dated September 30, 2002, proposing income tax, penalty, and interest for taxable year 1997 in the amount of \$588.

The taxpayer filed timely appeals to both determinations. He did not request a hearing, and a copy of a mortgage interest statement was the only additional information that he submitted. Therefore, the Tax Commission, having reviewed the file, hereby issues its decision based upon the information contained in the file.

Because Tax Commission records showed the taxpayer met the state income tax filing requirements and had not filed Idaho returns for the years in question, the Bureau attempted to contact the taxpayer for an explanation. The taxpayer did not respond to the inquiry.

The Bureau requested and received a transcript of the taxpayer's federal income records from the Internal Revenue Service (IRS). The information was provided in accordance with Internal Revenue Code § 6103(d) and Idaho Code § 63-3077.

Idaho Code § 63-3045 (1)(a) states:

63-3045. Notice of redetermination or deficiency --

Interest. (1) (a) If, in the case of any taxpayer, the state tax commission determines that there is a deficiency in respect of the tax imposed by this title, the state tax commission shall, immediately upon discovery thereof, send notice of such deficiency to the taxpayer by registered or certified mail or by other commercial delivery service providing proof of delivery, whichever is the most cost efficient. The notice shall be sent to the taxpayer's last address known to the state tax commission. The notice of deficiency shall be accompanied by an explanation of the specific reason for the determination and an explanation of the taxpayer's right to appeal. Within sixty-three (63) days after such notice is mailed, the taxpayer may, at his option, file a protest in writing with the state tax commission and obtain redetermination of the deficiency.

Because the taxpayer had not filed Idaho income tax returns for the years 1996 and 1997, the Bureau prepared returns on his behalf and sent him a Notice of Deficiency Determination. The 1997 return was prepared with a filing status of married filing joint because the taxpayer was married during 1997 and filed a federal return as married filing joint. In response to the deficiency notice, the taxpayer sent a separate letter of appeal for each year.

Regarding 1996, the taxpayer said that, between his house in Idaho and his house in [Redacted], his mortgage payments totaled over \$10,000. He said he would call the bank and get documents if it was required. He said the mortgage information demonstrates he owes no taxes to Idaho. The letter about the 1997 tax year said he had total mortgage payments of \$4,926.33 and moving expenses of \$7,745. Again, he said the information demonstrates he owes no taxes to Idaho.

The Bureau wrote back to the taxpayer acknowledging his protest and explaining the error in his reasoning that he did not have an Idaho filing requirement for 1996 and 1997. The Bureau told the taxpayer that, with his income, he was required to file Idaho income tax returns regardless of mortgage payments and moving expenses.

When the Bureau received no response to two additional letters, the taxpayer's file was transferred to the Legal/Tax Policy Division for administrative review. The taxpayer did not respond to a letter from the Tax Appeals Specialist that advised him of his appeal rights.

Idaho Code § 63-3030 explains the income tax act:

63-3030. Persons required to make returns of income. (a) Returns with respect to taxes measured by income in this chapter shall be made by the following:

(1) Every resident individual required to file a federal return under section 6012(a)(1) of the Internal Revenue Code).

(2) Any nonresident individual having for the current taxable year a gross income from Idaho sources in excess of two thousand five hundred dollars (\$2,500), or any part-year resident individual having for the current taxable year a gross income from all sources while domiciled in or residing in Idaho, and from Idaho sources while not domiciled in and not residing in Idaho, which in total are in excess of two thousand five hundred dollars (\$2,500);

Tax Commission records show the taxpayer was a part-year resident of Idaho during 1996 and 1997. In addition, the taxpayer received wages from Idaho sources in excess of the filing requirement - \$58,703 in 1996 and \$32,500 in 1997. The Bureau prepared part-year resident returns for 1996 and 1997 on behalf of the taxpayer. Only Idaho sourced income was used to compute the tax and the same exemptions were allowed as the taxpayer had claimed in each year's federal return. Withholding that was identified in Tax Commission records was allowed to offset a portion of the tax due.

The taxpayer submitted nothing that would cast doubt on the Bureau's determination.

A Notice of Deficiency Determination issued by the Idaho State Tax Commission is presumed to be accurate. Parsons v. Idaho State Tax Com'n, 110 Idaho 572 (Ct. App. 1986). Having presented no information in support of his argument, the taxpayer has failed to meet his

burden of proving error on the part of the deficiency determination. Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810 (1984).

WHEREFORE, the Notice of Deficiency Determination dated September 30, 2002, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayer pay the following tax, penalty, and interest.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1996	\$533	\$133	\$253	\$919
1997	367	92	142	<u>601</u>
			TOTAL	<u>\$1,520</u>

Interest is computed through August 15, 2003.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of taxpayer's right to appeal this decision is enclosed with this decision.

DATED this ____ day of _____, 2003.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that I have on this ____ day of _____, 2003, served a copy of the within and foregoing DECISION by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[REDACTED]
[Redacted]

[Redacted]
